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STATE FOR NEA/ELA (NAFZIGER) AND DRL/IL (ANZALDUA)
LABOR FOR ILAB (SHEA)

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TAGS: [ELAB](#) [ECON](#) [PGOV](#) [PINR](#) [EG](#)
SUBJECT: LABOR UNREST IN NILE DELTA SUBSIDIES AFTER DEMANDS
ARE MET

REF: CAIRO 2887

¶1. (U) Striking workers at Egypt's largest public-sector textile factory resumed work October 1, after successfully extracting concessions from GOE representatives. Over 24,000 workers from the Ghazl el Mehalla factory in the Nile delta city of Mehalla el Kubra walked off the job on September 23 in protest over unpaid bonuses, wage stagnation, and job security fears. The protest, which was not approved by the government-controlled Egyptian Trade Union Federation (ETUF) and therefore illegal, followed wildcat strikes at the factory in late 2006 that led to a string of similar protests throughout Egypt. Similarly, this successful strike has sparked two additional walk-offs.

¶2. (U) Messages of solidarity with the Ghazl el Mehalla workers poured in from major international trade unions, including South Africa Congress of South African Trade Unions (COSATU), the International Textile, Garment and Leather Workers, Federation (ITGWLF), and the International Confederation of Arab Trade Unions (ICATU) among others. The International Trade Union Confederation (ITUC) also sent a letter to President Mubarak in support of the workers and condemning the detention of five strike leaders by security forces (reftel). Workers at some other Egyptian public-sector firms joined in illegal solidarity strikes as well.

¶3. (U) The striking workers, whose salaries average around LE 400 (USD 71) per month, negotiated their settlement with a GOE-assembled team lead by ETUF head Hussein Megawer that included factory holding company chairman Mohsen El Gilany, local union committee head Said el Gohary, and local MP from Mehalla el Kubra Azab Darag. The negotiations yielded the following agreements:

-- The company will immediately pay, as an advance, ninety days of the annual profit shares and bonuses to the workers.

-- The strike days will be considered paid holidays, whose costs will be incurred by the Holding Company

-- An annual increase of 7% of the basic salary.

-- A cooperative society is to be established, funded by the Holding Company, to provide for the transportation of workers. Strike leaders also formed a committee to continue negotiations with the Holding Company over increasing the allowances for food and industrial safety.

-- The company shall not penalize and worker who took part in the strike.

-- The company will remove board chairman Mahmoud el-Gebaly

and several of his assistants, whom the workers deem corrupt, from their positions.

¶4. (U) The negotiated settlement is seen as a major victory for the strikers and has already led to two similar actions at other factories this week, both of which have been resolved. With 12 percent inflation over the past year, and a 37 percent rise in the price of fresh vegetables, workers at Ghazl el Mehella, who earn between LE 300 and LE 450/month (\$52-\$78) are increasingly strapped. Press reports indicate that the firm was profitable last year, with estimates of profits put between LE 170m-217m (\$29m-38m) in the past fiscal year. Although there is no minimum wage under Egyptian law, salaries at this level are inadequate for workers with families. Many are working a second job to make ends meet, further contributing to oft-cited productivity problems at these state-owned factories. Until Egypt is able to develop representative union structures that allow for freedom of association and proper collective bargaining, inflation pressures and fears of privatization will lead public sector workers elsewhere to follow the Ghazl el Mehalla model to seek their own concessions through illegal strike actions.

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